

PRIVATE CLUB (*with beer permit*) - COMPUTATION OF TAX

COMPUTATION OF SUPPLEMENTAL (MIXED DRINK) TAX

EXAMPLE: A private club which serves alcoholic beverages has gross receipts (includes tax collected) for the month of March 2004 from the following sources.

mixed drink sales	10,000.00	food sales	8,500.00
wine sales	2,400.00	green fees	900.00
beer sales	5,000.00	golf cart rentals	2,000.00
tax paid liquor purchases during March 2004 totaled		4,000.00	
tax paid wine purchases during March 2004 totaled		500.00	

1. To determine taxable sales of alcoholic beverages subject to the 10% supplemental tax and/or the 4% additional supplemental tax, deduct from gross sales the respective tax paid purchases of liquor and wine to derive adjusted gross sales. Extract from the adjusted gross sales all taxes collected (10% supplemental tax, 4% additional supplemental tax, 6% state sales tax, and any local option mixed drink and/or sales tax) by dividing adjusted gross sales by a factor of 100% *plus* the total percentage rate of all taxes collected.

subject to 10% supplemental tax & 4% additional supplemental tax		subject to 10% supplemental tax only	
gross mixed drink sales	10,000.00	gross wine sales	2,400.00
less tax paid liquor purchases	4,000.00	less tax paid wine purchases	500.00
adjusted gross sales	6,000.00	adjusted gross sales	1,900.00
taxable sales = $\frac{6,000.00}{120\%^{**}}$	5,000.00	taxable sales = $\frac{1,900.00}{116\%^{**}}$	1,637.93

2. To calculate the 10% mixed drink tax due, add taxable sales of mixed drinks and taxable sales of wine and multiply the result by the 10% tax rate.

mixed drinks	5,000.00	
Wine	1,637.93	
	<u>6,637.93</u>	
	x 10%	
	<u>663.79</u>	10% mixed drink tax due

3. To calculate the 4% additional mixed drink tax due, multiply taxable sales of mixed drinks by the 4% tax rate.

mixed drinks	5,000.00	
	x 4%	
	<u>200.00</u>	4% additional mixed drink tax due

****** Add local city and/or county tax rates to this rate, if applicable

COMPUTATION OF GROSS RECEIPTS (SALES) TAX & SHORT TERM RENTAL TAX

1. To determine taxable sales for sales of beer, food, green fees and golf cart rentals, extract all taxes collected (6% state sales tax, 1% short term rental tax and any local option sales taxes) from gross sales for these items by dividing gross sales by a factor of 100% *plus* the total percentage rate of all taxes collected.

subject to 6% state sales tax		subject to 6% state sales tax & 1% short term rental tax	
		gross golf cart rentals	2,000.00
gross food sales	8,500.00		
gross green fees	900.00		
gross beer sales	5,000.00		2,000.00
	<u>14,400.00</u>		
taxable sales = $\frac{14,400.00}{106\%^{**}}$	13,584.91	taxable sales = $\frac{2,000.00}{107\%^{**}}$	1,869.16

2. To determine total taxable sales subject to the 6% gross receipts (sales) tax, add taxable sales of mixed drinks (per the previous computation), taxable sales of wine (per the previous computation), taxable sales of beer, food, green fees and taxable sales of golf cart rentals.

mixed drinks	5,000.00
Wine	1,637.93
food, green fees, beer	13,584.91
golf cart rentals	1,869.16
TOTAL TAXABLE SALES	<u>22,092.00</u>

3. To calculate the state gross receipts (sales) tax due, multiply total taxable sales by the 6% sales tax rate.

22,092.00	
x 6%	
<u>1,325.52</u>	6% state gross receipts (sales) tax due

4. To calculate the state 1% short-term rental tax due, multiply taxable sales of golf cart rentals by the 1% short-term rental tax rate.

1,869.16	
x 1%	
<u>18.69</u>	1% state short term rental tax due

**** Add local city and/or county tax rates to this rate, if applicable.**

NOTE: Act 1841 of 2001 - Sales and Use Tax

This act extends the 3% special alcoholic beverage excise tax to retail sales of beer for off premises consumption. This tax previously applied only to liquor and wine. The revenue from this new levy shall be used to provide child-care for low-income families and to fund the Arkansas Better Chance Program. Act 272 of 2003 extends this 3% excise tax on beer to expire on June 30, 2005. In the event you have beer sales for off premise consumption, compute the 3% additional beer excise tax.